

HOUSE
RESEARCH

ORGANIZATION bill digest

5/24/89

SB 876
Armbrister (Berlanga)
(CSSB 876 by Fraser)

SUBJECT: Regulation of sports agents

COMMITTEE: Business and Commerce: committee substitute
recommended

VOTE: 6 ayes--Wolens, Fraser, Gavin, A. Hill, Hilbert,
Smithee

0 nays

3 absent--Dutton, Connelly, Horn

SENATE VOTE: On final passage, April 18 -- voice vote

WITNESSES: None

BACKGROUND: In 1987 the 70th Legislature enacted SB 20 by
Armbrister (second called session), regulating sports
agents and their contacts with athletes. The Secretary
of State's Office has reported problems in enforcing
the statute.

DIGEST: SB 876 would amend VACS art. 8871 to redefine an
athlete for the purposes of the statute as individuals
participating in organized college football,
basketball, and baseball. An athlete's eligibility to
play would be specified as terminating with the last
game of the season during the athlete's last year of
eligibility.

A person who declared himself eligible for recruitment
by a professional sports team, thereby becoming
ineligible to compete in college sports, would not be
considered an athlete under this statute. A person who
later becomes eligible to compete in college sports
would again be considered an athlete and contact
between the athlete and a sports agent would be
regulated.

The secretary of state would be authorized to
investigate violations of this statute, refer cases to
the attorney general, or bring action in district court
in Travis County.

Each institution of higher learning would be required
to adopt standards relating to the terms of the act and
appoint a compliance coordinator. The standards would

have to include a sports agent interview program and the conditions under which a sports agent could contact an athlete to solicit representation. An athlete would be permitted to contact a sports agent at any time.

The secretary of state would be required to publish and update the compliance responsibilities of the statute and supply copies to the appropriate officials of the state's institutions of higher education. At the request of a registered sports agent, the secretary of state would be required to supply a list of the names of the compliance coordinators at colleges in the state, and the standards related to college athlete recruiting adopted by an institution of higher education.

The secretary of state would be required to notify registered sports agents of the interviewing standards adopted by an institution of higher education. The periods in which interviews for solicitation of representation would be clarified. The compliance coordinator for each institution of higher education would be required to coordinate such interviews.

The secretary of state would be authorized to deny the required registration certificate to an applicant for certification as a sports agent, if the applicant had been convicted of a felony or of a misdemeanor involving moral turpitude. Similarly, an applicant who had been convicted of a violation of this statute could be denied certification.

The maximum penalty that the secretary of state could assess against a sports agent for a violation of the terms of this statute would be raised from \$10,000 to \$50,000.

An institution of higher education that was adversely affected by the actions of a sports agent who violated the terms of the statute would be authorized to sue the agent. 'Adversely affected' would include a team's disqualification or suspension from participating in intercollegiate sports, which in turn resulted in a loss of revenue to the institution. An institution that prevailed in an action could recover actual damages, exemplary damages, court costs, and reasonable attorney's fees.

The existing requirements for bonding of a sports agent would be repealed. An agent contract or financial services contract negotiated by an unregistered sports agent would be rendered void.

The felony provisions of the existing act would apply only to violations that occur on or after the bill's Sept. 1, 1989 effective date. The secretary of state would be required to publish the compliance responsibilities under this act by Dec. 1, 1989. The compliance standards adopted by each institution of higher education would have to be submitted to the secretary of state by Feb. 1, 1990.

NOTES:

The committee substitute added the authority of the secretary of state to deny certification to agents convicted of a felony or a misdemeanor involving moral turpitude. It added an institution of higher education to sue an agent for losses incurred as a result of the agent's violations of the statute. It raised the maximum penalty the secretary of state may impose on an agent from \$10,000 to \$50,000.